

Yilgarn Gold Limited

ACN 002 527 906
ABN 34 002 527 906

QUARTERLY REPORT

For the period ending 31 December 2005

Corporate Summary

During the quarter, the company obtained shareholder approval for the issue of:

- (a) 80,000,000 ordinary fully paid shares at an issue price of 1.5 cents each, together with 80,000,000 free attaching options expiring 31 December 2008 at an exercise price of 5 cents each. Directors were granted the right to participate in the proposed issue for up to 10,000,000 shares;
- (b) 80,000,000 options expiring 31 December 2008 at an exercise price of 5 cents each, at an issue price of 0.1 cent each; and
- (c) 13,500,000 free options expiring 31 December 2008 at an exercise price of 5 cents each to directors and consultants.

Prior to 31 December 2005 directors subscribed for 8,500,000 shares (together with 8,500,000 free attaching options) raising an amount of \$127,500. The company also issued the 13,500,000 options to directors and consultants.

Subsequent to 31 December 2005, pursuant to a prospectus dated 14 December 2005, the company has completed the capital raisings as outlined above, and issued a further 5,000,000 shares (together with 5,000,000 free attaching options). Funds raised subsequent to 31 December 2005 total \$1,227,500 (before expenses of the issue).

New Bulong Project

Yilgarn Gold Limited 100%

The project which is situated 30 kilometres east of Kalgoorlie and covers approximately 60 square kilometres of highly prospective greenstone terrain, includes 19 km of strike and contains numerous old workings and gold mines, the most notable being the Queen Margaret which closed in 1908.

The company continues to seek interested parties in the New Bulong Project.

Historical records indicate surface work in 1908 concentrated north of the Main Queen Margaret shaft therefore a shallow drill program has been designed to test for near surface gold mineralisation south of the Main Queen Margaret shaft and above the old stopes.

Rehabilitation work and low impact prospecting using a local prospector continues to concentrate north of the Melbourne United mine to the Strathfield area. Two hectares are completed at a time to the satisfaction of the Dept of Industry and Resources Environmental Division. This work aids in the clean up of the old historical mining which was not rehabilitated, at no cost to the company and achieves the minimum expenditure commitment.

Cowarna Rocks E28/1041

Yilgarn Gold Limited 100%

The Cowarna Rocks project lies 85km east of Kalgoorlie and covers 14 square kilometres of the Jubilee Greenstone Terrane.



The Railway shear, which is interpreted to run through the middle of the exploration licence, separates the Kurnalpi belt which lies to its east and consists of mafic and ultramafic rocks with the North-West striking Penny Dam conglomerate covering most of the western portion of the licence.

Previous soil sampling identified an anomalous area in the south which needs to be better defined with infill sampling on 200 metre spaced lines. The area is totally soil covered with no outcrop. Geological interpretation using ground information, air photography and aeromagnetic data is ongoing with work concentrating on fitting the identified gold geochemical anomalies into the structural setting of the project area. Additional sampling will confirm the anomalies and possible drill targets will be defined.

Goodenough Project

Yilgarn Gold Limited 100%

The company continues to discuss the future of this project with interested parties. Three prospecting licence applications to the south of the Goodenough mining lease have now reached the right to negotiate stage with the Wutha and the Wongatha People.

Browns Lagoon

Yilgarn Gold Limited 100%

The Company continues to consider various options for the future of the Browns Lagoon Project.

Great Southern Project

Yilgarn Gold Limited 100%

The Company continues to consider various options for the future of the Great Southern Project.

Golden Cliffs

Yilgarn Gold Limited 100%

A leading mining company in the area, which expressed an interest in the mining lease, has put on hold all negotiations due to a take-over bid for the company.

A local prospector continued to work the western part of the lease with very poor results and therefore ceased his work in the New Year. He had an agreement to prospect for surface gold on the mining lease using a front end loader to scrape and detect and then rehabilitate the ground.

Foley Well

Yilgarn Gold Limited 100%

Foley Well is in joint venture with Gutnick Resources who manage the project. The project now consists of 3 mining lease applications and an exploration licence application. Until these are granted no further field work can be carried out.

Clinker Hill

Yilgarn Gold Limited 100%

ML application is still pending.

YILGARN GOLD LIMITED

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr N Taylor MAusIMM MAIG, a full time employee of the Company. Mr Taylor has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

TENEMENT SCHEDULE
31 December 2005

Project	Manager Operator	Tenement	Interest %
New Bulong JV <i>Western Australia</i>	Yilgarn Gold Ltd	M27/332*) Yilgarn Gold Limited (65%) Great Southern Mines NL (35%)
		E25/218	
		P25/1125-27	
		M25/193*	
		P25/1128-33	
		M25/181*	
		P25/1134-36	
		P25/1191	
		M25/192*	
		M25/303*	
		M25/83	
		P27/1312	
		M27/326*	
		E25/90	
		M25/249*	
		M25/215*	
M25/24) Yilgarn Gold Ltd (100%)		
M25/129			
M25/91			
P25/1788*			
Browns Lagoon <i>Western Australia</i>	Yilgarn Gold Ltd	P24/3595-98 M24/858*) Great Southern Mines NL (100%)
Foley Well JV <i>Western Australia</i>	Gutnick Resources NL	E31/405* M31/327* M31/328* M31/377*) Great Southern Mines NL (100%)
Great Southern <i>Western Australia</i>	Yilgarn Gold Ltd	M77/729 M77/1014) Yilgarn Gold Limited (100%)
Goodenough <i>Western Australia</i>	Yilgarn Gold Ltd	M29/141	Resource Assets Pty Limited (100%)
		P 29/1309)
		P 29/1343) Yilgarn Gold Ltd (80%)
		P 29/1345)
		P 29/1387)
		M29/229*)
		M29/236*)
		P 29/1821-23*	Yilgarn Gold Ltd (100%)
P 29/1817-20*	Yilgarn Gold Ltd (90%)		
M29/183*	Yilgarn Gold Ltd (80%)		
Clinker Hill <i>Western Australia</i>	Yilgarn Gold Ltd	M26/766*	Great Southern Mines NL (100%)
Cowarna Rocks <i>Western Australia</i>	Yilgarn Gold Ltd	E28/1041	Yilgarn Gold Ltd (100%)
Golden Cliffs <i>Western Australia</i>	Yilgarn Gold Ltd	M29/327	Yilgarn Gold Ltd (100%)

* Application Pending

NB Great Southern Mines NL & Resource Assets Pty Limited are wholly owned subsidiaries of Yilgarn Gold Limited.